

STATE OF MICHIGAN



JOHN ENGLER, Governor

DEPARTMENT OF TREASURY

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STATE TAX COMMISSION

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Bulletin Number 6  
September 10, 1992  
Fast Food Restaurants

COMMISSION MEMBERS

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TO: Assessors and Equalization Directors

FROM: State Tax Commission

RE: Valuation of the Personal Property of Fast Food Restaurants.

In response to inquiries from many assessing officials and taxpayers, the Property Tax Division, in cooperation with the Michigan Association of Equalization Directors, has conducted a comprehensive study of the valuation of the personal property of fast food restaurants.

The results of that study indicate that the average lived multipliers are appropriate for the valuation of tangible personal property under the General Property Tax Act for the category of fast food restaurants:

For the purposes of this bulletin, fast food restaurants are defined as those restaurants which have a limited menu and do not have waiters or waitresses taking orders at the table or serving food to persons at the table.

The State Tax Commission strongly recommends that the average-lived multiplier table be used in the valuation of the personal property of fast food restaurants as a group. The proper and uniform application of the average lived table to this type of property will result in accurate true cash values and uniformity among similar properties.

The State Tax Commission believes that assessors should apply one schedule of original cost multipliers to all of the acquisition costs of a company rather than to break a company's assets down into several categories of varying lives. An exception to this guideline is the practice of allowing computer equipment and assessable software to be separately reported for the application of short-lived multipliers.

Fast food restaurants generally do not have computers as part of their equipment though their point of sale equipment (i.e., cash registers) may well be computerized. Generally, cash registers are not given short-lived multipliers; though if an owner can provably identify the computer costs, the short-lived schedule could be applied to those costs only. The burden of such a breakout must be on the owner and not the assessor.